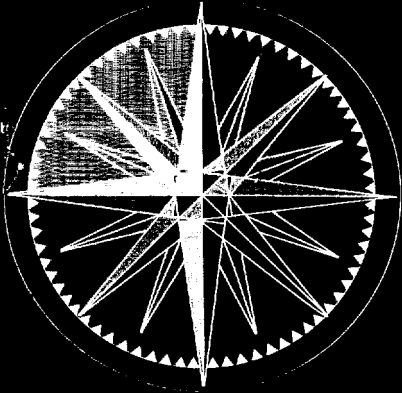


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# SPECIAL REPORT

TAIWAN'S MORALE PROBLEM

CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

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## TAIWAN'S MORALE PROBLEM

Morale on Taiwan among the two million Nationalist refugees from the Chinese mainland, gradually declining for many years, fell more sharply than usual during 1964. The withdrawal of recognition by France and several African nations last year, the prestige won by Peiping as a result of its nuclear explosion, and the Nationalists' failure to elicit United States support [redacted]

[redacted] sharpened their sense of isolation and decreased their hopes for a return to their homeland. Further major adverse developments such as the death of Chiang Kai-shek, loss of the seat in the UN, or new Communist gains in Southeast Asia would intensify the restiveness of the mainlanders and increase the prospects for trouble on Taiwan. The cumulative effect of such events could lead to serious instability and significantly increase susceptibility to Communist subversion and infiltration.

The Years of Hope

When Generalissimo Chiang Kai-shek, with his discredited bureaucracy and badly defeated army, retreated to Taiwan in 1949 for a final stand against an expected Communist invasion, the Nationalists' morale was near rock bottom. As the US helped to reorganize, re-equip, and retrain the army, and the threat of invasion subsided, however, Chiang's promise to lead a campaign to recapture the mainland began to appear plausible to the mainlanders on Taiwan. Hope for eventual reunion with their families sustained them and made exile on Taiwan bearable.

Through the years this hope has been maintained by pride in the armed forces and by an enormous faith in President Chiang and his intention

to honor his promise. Retention of a seat in the United Nations and diplomatic recognition by a majority of other governments have helped to lend credibility to the Nationalist administration's claim to be the sole legitimate government of all of China and hence the hope for an eventual return to the mainland. Following the commendable showing of the armed forces during Peiping's barrage against the offshore islands in 1958, Taipei's propaganda pointing to an early return mounted, and reached a peak in 1961 when Peiping was experiencing severe domestic economic troubles.

Back to Reality

Since then the Nationalists' official propaganda on the return has tapered off, and the mainlanders have begun appraising

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their prospects in the light of more practical considerations. The result has been unsettling.

Apart from a few high officials who have profited by their stay on Taiwan, mainlanders have not shared appreciably in Taiwan's economic expansion. Most uneducated mainlanders cling to the promised return to the mainland as the only hope to escape poverty on Taiwan.

The ruling elite tend to accept their status for lack of an attractive alternative. Many have sent children to the United States

#### Armed Forces

In the 600,000-man Nationalist armed forces, too, morale is low except in the highest ranks, and some senior officers fear they will be retired for the sake of efficiency and lose their many privileges and special pay allowances.

Field-grade officers are frustrated and embittered. Their pay is low, few have additional sources of income, and the wives of many must work to meet expenses. They have lost hope for an early return to the mainland and for promotion. They complain about corruption among senior officers, lax discipline, and slow advancement. Their morale is apparently lower than it has been in the past ten years. They resent the dominant economic role of the Taiwanese, who they believe will eventually exercise political control as well.

Among noncommissioned officers, who are predominantly mainlanders, desertion and suicide are relatively frequent.

these men are depressed and discontented, and resentful of the growing number of young Taiwanese company-grade officers. Most of them have no prospects for marriage and family life in Taiwan.

The Taiwanese, who account for about 38 percent of the armed forces, appear resigned to their two years of service, and present no direct problem themselves.

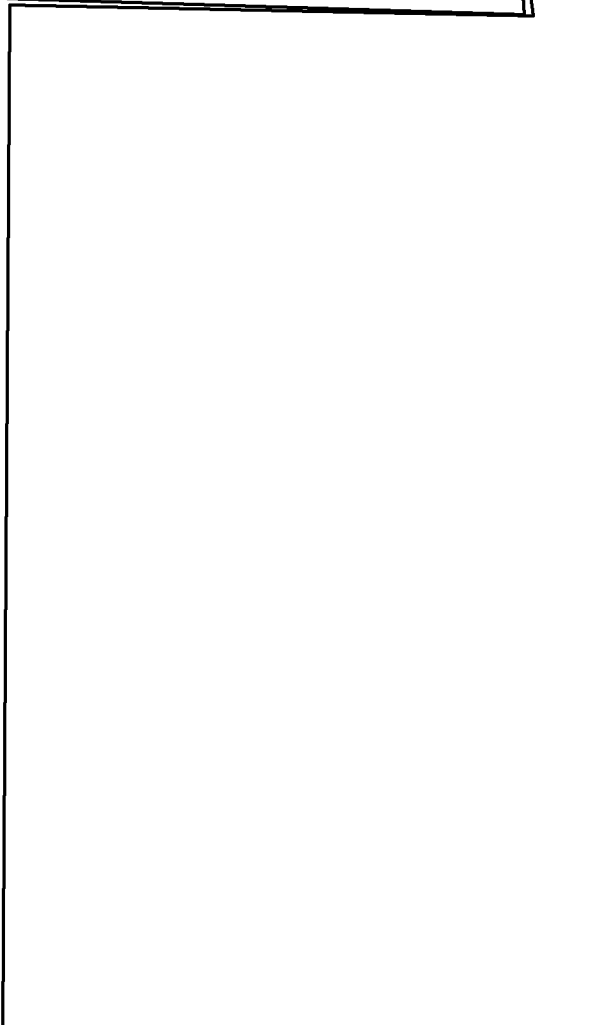
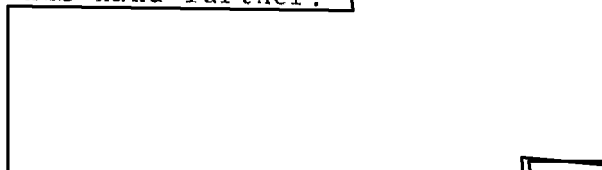
President Chiang is sensitive to the armed forces morale problem. He probably fears that this might become so acute as to spark a military revolt. Early last year, he assigned General Chiang Ching-kuo, who has long been security chief, the job of improving morale and countering any attempt in the armed forces to stage a coup. On 13 January he elevated him to minister of national defense to strengthen

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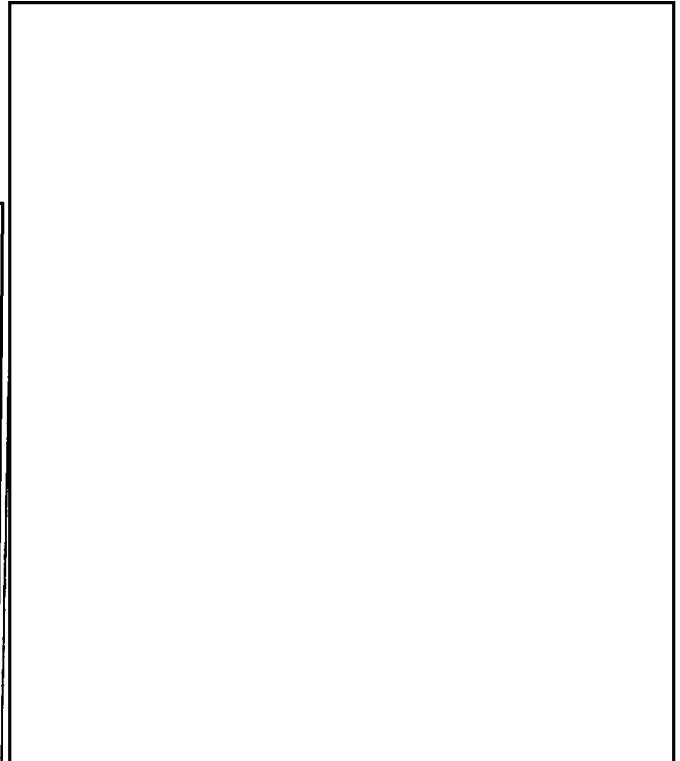
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25X1 his hand further.



Security Apparatus

25X1 The efficient Nationalist security system is likely to thwart any early attempt at military revolt.



The present principal danger to the stability of the Nationalist government is the possibility that security elements will overreact to a suspected threat and cause widespread disaffection, which could be exploited by a leader in the military to stage a coup and gain power. The severe punishment meted out for misdemeanors, intended to serve as an example, may also cause widespread disaffection. President Chiang recently ordered the execution of five special forces personnel charged with listening to radio-broadcasts from Peiping.

The Taiwanese

A potential long-term threat to the Nationalist

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government is latent Taiwanese resentment of minority rule by the mainlanders. As a group, the ten million Taiwanese are little concerned with the preservation of that government as the legitimate authority for all of China, and resent the economic and manpower burden of supporting military preparations for a return to the mainland.

The Taiwanese are unable to rise to an important position in government, the military, and some areas of industry, and they lack any effective voice in the settlement of their own affairs. Taiwanese staff most of the provincial and local government posts, but all important legislation and administrative decisions must be approved by the central government. Many native islanders would like to see Taiwan left for the Taiwanese themselves.

For the present, however, most of them seem to have subordinated the ideal of Taiwanese independence to immediate self-interest, which calls for cooperation with the Nationalists. Many recognize the need for the Nationalists' administrative talent and have been willing to support and to cooperate with the government. Kao Yu-shu, Taiwanese mayor of Taipei, believes that responsible Taiwanese leaders would not be anxious to see the Nationalists "crack

up" at this time because of the strong likelihood that a dangerous degree of instability would result.

Many Taiwanese have joined the Kuomintang, some out of sheer personal opportunism, and others believing that opposition to the regime was useless and that party membership offered the only means of helping their own people. About 90 percent of the Taiwanese population, including farmers and urban dwellers with less than an upper middle-school education, are nonpolitical.

#### Outlook

The mainlanders may eventually come to accept Taiwan as a permanent home, but not during Chiang Kai-shek's lifetime. Meanwhile, shock waves are felt throughout the island with each setback to Taiwan's international position. An impact is felt whenever another government recognizes Peking, and seatings of Communist China in the UN would hit the Nationalists especially hard. Each new blow raises the danger of politically inspired action by the military and thus threatens to undermine this principal pillar of the Chiang regime. Growing disaffection in the armed forces could spread to security forces and increase the possibility of a successful coup.

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Most mainlanders do not appear especially susceptible to Communism as such, but they may become more and more vulnerable to Communist appeals to nationalism. The mainlanders are likely to become increasingly sympathetic to proposals which appear to render possible the unification of China and offer greater career opportunities for youth. There is little evidence at this time, however, of politically oriented discussions or maneuvering within the Nationalist armed forces.

The government proclivity to blame the United States for its failure to return to the mainland increases the possibility of officially inspired demonstrations and riots at US installations on Taiwan. Government controlled media constantly cite United States failure to

give the Nationalists sufficient support as the cause for delaying an attack on the mainland. Some legislators have called for a renegotiation of the Security Treaty to give the government a free hand.

Death or disability of 77-year-old President Chiang is likely to destroy forever the myth of a return to the mainland. A successor regime, less confident of its international position and more prone to internal fragmentation, might impose even harsher restraints on the population than are now in force. Factional groups within the Kuomintang or Taiwanese elements might well then bid for power, precipitating violence and further repression.

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